GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4358
ANSWERED ON:19.08.2010
PRODUCTION SHARING CONTRACT FOR OIL IN NIGERIA
Patil Shri Sanjay Dina

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Oil and Natural Gas Corporation (ONGC)-Mittal Energy Limited (OMEL),a joint venture of ONGC -Videsh Ltd. (ONGC-VL) and Mittal Investment Sarl has entered into a production sharing contract for exploration of oil in Nigeria;

(b) if so, the details thereof;

(c) the current status of the exploration and the time by which oil production is likely to commence in each of the blocks awarded to OMEL;

(d) the details of infrastructure projects OMEL has undertaken to develop in Nigeria;

(e) whether there has been a delay in completion of these projects; and

(f) if so, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): ONGC-Mittal Energy Limited (OMEL), a joint venture of ONGC Videsh Limited (OVL) and Mittal Investment Sarl. (MIS) entered into two Production Sharing Contracts (PSC) with the Nigerian National Petroleum Corporation (NNPC) for exploration in two deepwater offshore Blocks OPL-279 and OPL-285 on 23rd February 2007.

(c): Presently, both the blocks are in the first exploration phase of 5 years effective from 23rd February 2007. OMEL drilled the commitment well Kuyere-1 in block OPL-279 during January−February 2010 and discovered hydrocarbons. As commerciality of the present discovery on stand-alone basis may be challenging, OMEL is studying the potential of further prospects in the block. OMEL also plans to drill the commitment well in the other Block OPL-285.

Production of oil is subject to establishing a commercial oil discovery and further detailed exploration and appraisal work.

(d): OMEL has to develop one of the strategic downstream projects as indicated in the Memorandum of Understanding (MOU) viz. 180,000 barrels (bbl) per day capacity refinery or 2000 Mega Watt (MW) independent power project or an East-West Railway line or any other downstream project as may be determined by the Steering Committee subject to economic viability and technical feasibility of the project. The Steering Committee for downstream projects in its meeting held on 28th January 2010 had approved setting up of a refinery of 180,000 bbl/day capacity for export of petroleum products using Nigerian Crude as feed stock.

(e) & (f): The Steering Committee for downstream projects has approved on 22nd July 2010 to carry out detailed feasibility study for setting up a 180,000 barrels per day refinery project, for which action is in progress.